*The battle for movies after their theatrical appearance rages on.* The established premium channels get access to theatrical movies long before they are offered to most basic cable networks (and broadcasters), but the window for the hottest movies doesn't come soon enough to suit HBO and Showtime. Because video sales and rentals have been a cash cow for the major studios, the popular movies exhaust the DVD market before the premium networks are given access to them. The pay-per-use services, being the newest guys on the block, would be low on the totem pole in the bidding for Hollywood's movie output except for the fact that most are owned by the same parent companies as the established pay channels, so most deals are packages for all channels owned by one company.

Of all the problems associated with on-demand, the *delayed release windows* (for movies and broadcast TV series), as well as a general lack of fresh content, are especially frustrating for programmers because they have no control over them. Delayed windows helped prevent pay-per-view from taking off a decade ago, and they hamper VOD growth now. Most movies currently have VOD or PPV release windows about 45 days after a film goes to DVD (and the video stores). Many movies that are highly popular in rental and sales are completely withheld from premium networks, sometimes for decades. Currently hot TV series tend to be released in just a handful of episodes, the rights to older episodes expiring (to go into syndication) and the rights to the newest episodes protected and not yet available. Rights owners have to find a balance between availability to maintain interest and the highest revenue streams.

*As media conglomerates grow larger, competition favors the giants.* Vertical integration in combination with digitalization of cable systems has eliminated the shelf space shortage and created content shortage instead. The clout that comes with enormous size has improved the owned channels' ability to license top programs and produce original shows, but movies are the lifeblood of the premium services, and rapid access to them continues to be a barrier to growth.

# Selecting Strategies

To fully understand programming strategies, it is first necessary to grasp the economic fundamentals of multichannel service as described in Chapter 3 and expanded here. *Unlike the broadcast model of maximizing the audience size, the multichannel model seeks to maximize subscriber revenue.* On one hand, VOD programmers need not choose their content carefully because there's room for so much programming. On the other hand, selection of programs for most subscription networks is far more constrained (see 9.4). And in both cases, only so many programs can be actively promoted.

## Economics and Technology

The programming side of the business has matured to the point that selection decisions related to the subscription networks have become secondary to many MVPDs. All carry as many content services as they can manage, including every foundation network and the main theme channels and as much VOD as is available. Their focus has turned to expanding HD subscriptions with the long-term goal of shifting all channels to hi-def and turning off mere "digital" service. At the turn of the century, the MVPDs' primary concern was expanding their media dominance via high-speed internet service and Voice-over-Internet (VoIP) phone service; now it is upgrading subscribers to all HD and even 3D, while enhancing for-pay VOD.

For multichannel network programmers, the key to maximizing revenue in the programming realm is to generate the greatest value for the bread-and-butter subscriber who probably wants choice and convenience—but who may not need phone or broadband services and may feel unable to afford HD service right now. Although pressure to upgrade to HD surrounds the business, this programming textbook focuses on the traditional two *revenue streams* (subscriptions and advertising) in media.

*Advertising is one of the two main revenue streams for virtually all basic cable networks.* Agencies base their buying decisions on reach, frequency, selectivity and efficiency. Subscription channels are

## 9.4 Ted Turner and CNN

Cable, satellite and telco subscribers have a healthy selection of news channels today. Fox News is the ratings leader, but viewers can also choose among MSNBC, HLN (Headline News), the business news channels CNBC and Fox Business, and even the sports news specialist, ESPN News. The grandfather of cable news, of course, is CNN. Launched in 1980, CNN was critical in helping bring viewers to cable television in the 1980s, and before the advent of Fox News, it was an influential and well-respected monopoly position in the field. Ted Turner, who created CNN, has been honored as a visionary, in part for his effort in developing a 24-hour television news service—which many at the time said "couldn't be done."

In fact, Turner's vision had a great deal more to do with economics than public service. Turner, ironically, never liked television news. He built his early success in Atlanta broadcast television by counter-programming local news, offering viewers re-runs of old network sitcoms like *Gilligan's Island*, and was once quoted as saying, "I hate news. News is evil. It makes people feel bad."

But Turner was an exceptionally astute businessman. He surveyed the available niche markets in cable programming at the time and concluded that all the lucrative genres had been tapped. He told his new CNN President, Reese Schonfeld: "There are only four things that television does, Reese. It does movies, and HBO has beaten me to that. It does sports, and now ESPN's got that. There's the regular kind of stuff, and the three networks have beaten me to that. All that's left is news! And I've got to get there before anybody else does, or I'm gonna be shut out." In later years Turner would also create the Cartoon Network and subsequently comment that while CNN received most of the accolades, the Cartoon Network was always more profitable.

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slowly approaching universal reach, and they offer tremendous format selectivity. It is ironic that cable and satellite networks have stolen away much of the broadcast audience by offering a proliferation of choices because the huge constellation of channels now works against the kind of mass audience viewing that supports big-dollar advertising. In turn, online media services threaten cable's revenues. Targeting specific audiences is great, but efficiency gets lost as smaller and smaller groups of viewers produce diminishing returns in selectivity. As more nonbroadcast networks splinter and launch, find distribution and ultimately, acquire broader household penetration, subscription program services have begun to feast on themselves in the same way they consumed broadcast network share.

*Carriage fees are the other main support of subscription networks.* In most arrangements, the cable operator pays a monthly license fee to the program supplier, and these fees normally expand in each contract renegotiation. In order for large systems with more potential viewers to pay more than small systems, *cable network license fees are usually structured as per-subscriber, per-month charges to the cable operator.* The typical fees range from about $.15 per subscriber for services such as Country Music TV to about $1.00 per subscriber for more popular services such as CNN. *For advertising-supported networks, a tension exists between getting the national penetration necessary to attract advertisers and keeping the carriage fees high enough to pay the bills.* At $.40, A&E's license fee is about on par with that of Lifetime Television, which is way below that of TNT. The high price of sports contracts has driven up the cost of all channels that bid high for telecast rights, driving TNT's carriage fee above $1.00 per subscriber. Fox Sports Network 1 carries a rate of $2.25 per subscriber, per month, while its second regional network charges around $1.00. ESPN charged between $4.50 and $5.00 per month by 2012.

Many new channels pay one-time-only *launch fees* and offer *free carriage* to appeal to potential cable operators. For example, E! Entertainment paid operators $7 per subscriber and gave free carriage when it launched the Style Network. Originally, the

Fox News Channel paid \$10 per subscriber to be added to DirecTV's lineup. By the late 1990s, paying launch fees was such an established inducement system that DBS providers were charging new networks an average of \$6 per subscriber.

On the premium channels, feature films are licensed to networks in one of two ways: *per-subscriber* charges or *flat fees*. *Per subscriber* means that the film's producer or distributor negotiates a fee per customer for a specific number of runs within a fixed period, the number varying with the presumed popularity of the film. Such a fee is based on the number of subscribers who had access to the film (though not necessarily the number who actually saw it). In a *flat-fee* arrangement, the parties negotiate a fixed payment regardless of the number of subscribers who have access to the film.

Once the premium cable networks grew large enough that the amounts for movies were substantial, they usually abandoned the per-subscriber formulas and negotiated flat-fee arrangements with the program suppliers. The flat-fee method is also used for acquiring original programming. In PPV and VOD, however, the cable operator pays a per-subscriber fee to either the studio or service provider, necessitating large enough fees to users to cover their costs. By 2012, the big concern in the industry was how to configure and reimburse costs for multiple media use of the same movie by a single user. If subscribers pay over and above their MVPD service fees to get HBO (most of which goes back to HBO to cover the cost of licensing the movies it airs), should those subscribers have to pay again for the same movies if they choose to watch them on tablets or online? Generally no, IF the MVPD has the hardware and software to track individual movies and IF the online or tablet viewers can identify themselves as the MVPD's subscribers. (Another ID number for all of us to carry around?)

## Program Types

Although the subscription networks license many off-network shows and air movies already shown on the broadcast networks, they also carry unique multichannel programs. Signature programs and vignettes characterize specific networks and are often produced by them to play only on those networks. In addition, subscription networks increasingly choose to license first-run series, keeping them out of station syndication and away from other subscription networks. (At the same time, a broadcast network may replay episodes of its hit series on a sister cable network; total exclusivity has gotten so pricey that sharing programs makes economic sense.)

### *Signature Programs*

Tough competition for viewers drives most subscription networks to strive for signature programs, unique programs or a pattern of programs that distinguish a network from its competitors. *Signature programs create a well-defined image for the network and breed a set of expectations for both audiences and advertisers.* These expectations, whether positive or negative, help viewers select which channels to watch and lead advertisers and their agencies to expect that advertisements on some channels will or won't be effective. A lack of program definition, or an absence of signature programs, killed off several early cable services.

Four major types of signature programs appear on cable program services. The first consists of *original movies or series* not shown elsewhere, also called *made-for-cable* movies and programs. Although they are expensive to produce, they are highly promotable and attract new viewers more than repeat programming does. A second type of signature programming consists of *narrow theme genres*, such as all live nightclub comedy or all shop-at-home or all cooking shows. BET's *Comic View* is an example of the comedy nightclub genre. A third type consists of programs for a *niche audience*, or viewers with a narrowly defined set of interests or within a targeted demographic group. For example, Spike TV sought a young male audience with *Maximum Exposure*. The fourth and least common type of signature programming consists of the *cable exclusive*, programs shown once or twice on the broadcast networks but not shown before on cable. A fifth type consists of long-running popular programs whose hosts or personalities have become household names. See 9.5 about CNN's Larry King.

## 9.5 Larry King

Until his retirement in late 2010, *Larry King Live* was CNN's top-rated and most-visible program for more than two decades. Airing in the peak viewing hour (9:00 P.M. EST), King was known for his high-profile guests (including the last six U.S. presidents) and his "soft" questioning style. Some argue that Larry King's ability to book big names was directly a result of his one-sentence questions and jovial nature. King contends his show was not journalism but "infotainment," pointing to his wide range of guests (ranging from Marlon Brando to Pete Rose to J. K. Rowling), encompassing a considerable swath of American interests. Critics maintain that the rise of King's program represents a notable shift from hard news to soft news stories on television. Many of his programs in later years featured animal guests or explored perceived non-issues such as paranormal activity.

Initially trained in radio broadcasting, King's CNN program premiered in 1985, with peak interest occurring in 1993 when a debate on free trade between Ross Perot and Al Gore reached the largest cable TV audience in history, a record that held for more than a decade (until ESPN acquired the *Monday Night Football* contract in 2006 and routinely surpassed it). King's show was also different from most other television talk programs in that it allowed for live call-ins from viewers at home, encouraging a conversational and easygoing format. Larry King's work was been richly rewarded; he is one of the few people to receive Peabody Awards for his work in both radio and television.

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Sometimes signature genres cut across various networks. For example, such channels as the Travel Channel, ESPN2 and Bravo all caught poker's wave of popularity in the early 2000s with *Celebrity Poker Challenge* and *World Poker Tour*. The Travel Channel and Bravo temporarily diverged from their central programming mission to boost short-term ratings because of pressure from advertisers to attract larger audiences, and the result was far greater than anticipated.

Less temporary overhauls in signature programming occur, too. American Movie Classics switched from pre-1980 classic movies to modern-day classics, to the consternation of some system operators who wanted the movie content to stay different from mainstream movie channels (but, doubtless, to the joy of Turner Classic Movies). Another major change took place in 2004, when the Game Show Network condensed its name to GSN and got rid of classic and neoclassic game shows in favor of interactive gaming and reality-based content. Probably the most dramatic makeover for a cable channel was in 2003 when the National Network (TNN, formerly the Nashville Network) rebranded itself a second time as Spike TV, the first network for men (or so it claims). Then Spike TV dropped the "TV" in order to project an image suited to online and tablets as well as traditional television (although listing companies retain the "TV").

House-remodeling and room-makeover programs gradually became signatures for HDTV and TLC, including *House Hunters, Property Virgins, My First Place* and *Curb Appeal: The Block*. Then cake and cupcake baking shows led to the rise of Food Network; programs about muscle cars and fancy car values (e.g., *What is My Car Worth?)* became signatures for Spike TV. Spike TV even managed to turn car interest into a game show with *Repo Games*.

And some prime-time successes on the major broadcasters have transferred effectively to cable networks. ABC's hit with personal makeover shows such as *Extreme Makeover* led TLC to signature programs of *What Not to Wear* and *Say Yes to the Dress*. PBS's success with *Antiques Roadshow* morphed into *American Pickers* on History, Lifetime's *Pawn Stars*, TLC's *Hoarding* and *Pawn Queens* and others, some of which will doubtless fade away, but a few will weave themselves into defining channel images.

### *Vignettes*

Another common cable genre consists of vignettes, also called interstitials, meaning the programming bits between the regular programs. Traditionally a staple of premium services, this type of short-form filler programming appears between movies that end at odd times, and vignettes have also found their way onto basic program services. The Hallmark Channel offered a "Tell Us Your Story" campaign in association with Valentine's Day one year, featuring the best viewer-submitted stories of romance and love on its subscription network and online platform. *Although the primary purpose of vignettes is to promote branding, they also serve as backdoor pilots or ways to push viewers to online programs and websites.*

Many basic networks use interstitials even though the airtime could be sold to advertisers. For example, *Perspectives on Lifetime*, a series of editorials and interviews tied to issues such as breast cancer awareness or events such as Black History Month, contributes to the overall mosaic of the channel. Lifetime has even experimented with live hosting between programs to achieve a seamless look with no commercials on the hour or half hour, thus keeping viewers away from their remote controls. Turner Classic Movies shows vintage filler called *One Reel Wonders* between featured movies.

Movie studios also use interstitials to promote theatrical films by showing the first several minutes of the film to tease the audience into going to the box office. Universal Pictures paid USA to show the first 10 minutes of the movie *Dawn of the Dead*. In a similar move on the internet, Warner Brothers showed the first nine minutes of *Taking Lives* online at Yahoo! Movies to whet potential moviegoers' appetites.

The growing popularity of the *clip culture* (see Chapter 4) on websites like YouTube and Revver may add to the importance of vignettes. As online videos further shorten the attention spans of many viewers, cable networks can be expected to expand the use of interstitials for content or promotional purposes.

### *Originals*

Despite the continued use of off-network programming, the dominant trend for subscription networks (and superstations) is toward more commissioned, coproduced or solely produced original programming (*Monk* and *The Closer* are two broadly popular examples). With the exception of signature reruns like *Law & Order: SVU* on USA, *Without a Trace* on TNT, *Everybody Loves Raymond* on TBS, and *CSI: Miami* (plus *The Sopranos*) on A&E, off-network programming has largely migrated from prime time to other dayparts. It appears especially in daytime and access.

With few exceptions as mentioned above, original series are what successfully brand a network by defining and distinguishing it from competing services. In the last decade, such networks as A&E, Syfy, USA, Lifetime Television, FX, TLC, Bravo, MTV and even ESPN have dramatically increased their budgets for original programming, especially creating programs for Friday and Saturday nights when the broadcast networks offer weaker shows than usual. USA, for example, has a big investment in the series *Silent Partners* and two comedies, *On We Go* and *We the Jury*. A&E has followed its successful *Intervention* with *Obsessed*. TBS plans original shows every night of the week as lead-ins to late-night *Conan*. Syfy carries originals such as *Being Human, Face Off* and *Alphas* to support its original ongoing successes of *Warehouse 13, Eureka* and *Haven*. Netflix has its own signature series *House of Cards*. And even YouTube and PlayStation are investing big dollars in original programs.

Collectively, the subscription networks spent about $15 billion for original programming in 2006, and that amount is expected to grow, but with total pay subscribership flat or declining, it may not grow quickly. As with previous Summer Games, in the winter of 2012, NBC heavily cross-promoted live Olympic coverage on co-owned Bravo, CNBC, MSNBC, Telemundo and USA. Although the segments of the Games appearing on the basic cable networks were noncompetitive with NBC because they occurred outside prime time, carrying such a high potency mega-event live improved the channels' international visibility as well as their domestic viewing (and advertising sales), and the original nature of the content contributed to their positive branding.

## Genres on Advertising-Supported Channels

Some basic services such as USA, TBS, TNT and ABC Family consist of a broadly appealing mix of program forms (*full service*) similar to those of broadcast television, scheduled by daypart. Along with the superstations WGN America and WWOR,[1] they are among the most popular cable networks. Nearly every genre of program seen on a broadcast network has been tried by full-service cable networks, although not all have proved equally successful. Despite the shift to more original programming, hit off-network syndicated hours such as *Law & Order* and its spinoffs persist in popular with the audiences of broad-appeal networks. Because these cable networks generate most of their income from the sale of commercial time, they must select programs that will appeal to the same mass audience sought by the broadcast networks. Most subscription networks, however, especially the newer services, are niche (or theme) and subniche services. They must select programs that have a particular type of content or that target a specific psychographic group.

ESPN's signature program, *SportsCenter*, is a flexible sports-talk program that can appear live a dozen times a day or be cut back or rerun when live sporting events take up center stage (see 9.6). After obtaining live NFL games, ESPN became a major network competing (alongside ABC) for such megasports events as NBA, NHL and MLB games; soccer; boxing; and NCAA college football. The network has had limited success with such series as *Playmakers, Tilt* and *SportsCentury*. It has also begun producing under the umbrella of ESPN Films, which is known for such documentaries as *30 for 30*.

Once the home of all-day/all-night music videos, MTV now combines signature programs (for example, *Punk'd, Teen Mom, Sun of a Gun*) with reality shows (*Real World*, *I Used to Be Fat*) and music-based favorites (*America's Best Dance Crew*). Writing about signature programs on MTV is difficult because the trend has been for its shows to move very quickly, often within a year, from being a phenomenal success to being yesterday's news (for example, *Jackass*). A similar situation exists on Comedy Central, another favorite of fickle youth, where only *South Park* and *The Daily Show* with Jon Stewart have much staying power. MTV and VH1 have a hot new competitor, Palladia (formerly MHD), carrying mostly live rock concerns and replays, along with the weekly music performance series *Uncompressed*.

On Lifetime, romantic made-for-cable movies predominate, mostly about relationships and the "woman-in-danger." Its prime-time schedule has reruns of *Reba*, along with a full slate of successful original series, including *Army Wives, Drop Dead Diva* and *Project Runway*. USA wins awards for *Monk* and *The Closer* and has some success with *Fairly Legal*, but also schedules regular reruns of NBC shows like *JAG* and *Law & Order: SVU*, supplementing them with half hour comedies (*We the Jury, TGIM*) and original series (*The Enclave, The Exceptions*). History, formerly The History Channel, is characterized by older documentaries about battles, airplanes and ships in past wars, as well as by colorful hosted documentaries that investigate the warfare, art and other remnants of ancient Roman, Greek or other civilizations, although some of that material has moved to The Military History Channel, which competes with Discovery's Military Channel. One recent two-hour original special surveyed the entire 600 years of the Dark Ages.

Syfy has filled its early-evening schedule with reruns of hour-long series such as *Stargate SG1*, *Eureka*, *Sanctuary* and *Star Trek: The Next Generation*, using an uncommon scheduling twist: Starting in mid-afternoon, it airs five or six previous episodes in a row, culminating in one new episode in prime time (if any are available). The popular *Stargate* series eventually spawned *Stargate Atlantis* and then *Stargate Universe*. *Battlestar Galactica* and *Andromeda* were also highly successful with scifi fans, but after a couple of years or so, these limited

## 9.6 The Sports Fan's Program: *SportsCenter*

ESPN's venerable *SportsCenter* has aired continuously since the sports channel's inception in 1979, and had reached more than 36,000 unique episodes by 2012. The program currently appears over 24 hours each day, (thanks to replays on ESPN's ancillary station, ESPNEWS), providing a mix of game highlights, recaps, top stories, commentary, analysis and predictions. At its start, many television experts claimed that an entire program devoted to sports was too narrowly defined and doomed to cancellation, but the joke was on them. *SportsCenter* evolved into a national and international phenomenon, part of not just one but several television channels of all-sports news, talk and events from ESPN, Fox Sports Regional and other networks.

When fresh game news is scarce, *SportsCenter* fills slow days with such attention-grabbers as Chris Berman's "2-Minute Drill," which looks forward to the weekend's NFL games with analysis and predictions. Other examples of *SportsCenter*-specific formats have included the "Budweiser Hot Seat," in which a guest is asked some particularly probing/interesting questions; "Contender or Pretender" where analysts determine whether a currently successful team or player can continue to excel; and "Top 10 Plays," which can range from the best plays of a particular day to the worst plays of the week to the 10 best catches by a centerfielder.

*SportsCenter* not only analyzes games but has influenced the way games are played in small ways. For example, the number of slam dunks has increased in professional basketball because they are more likely to make ESPN's highlight reel. The same can be claimed for spectacular dives to catch baseballs. The program has also had an impact on vocabularies ranging beyond sports. Most fans know that "going yard" is a home run and that "boo yah" is host Stuart Scott's catchphrase when describing the action. *SportsCenter*'s Chris Berman gave a twist to the long tradition of nicknaming athletes, as with his Bruce "Eggs" Benedict and Jose "can you see" Cruz.

*SportsCenter* has become the broadest brand of sports news and is sometimes referred to as "The Big Show"—handling the most important sports, with niche sports interests being served by complementary ESPN news shows, such as *Baseball Tonight* and *College Football Gameday*. Starting first on *SportsCenter*, these shows all now include a scrolling "Bottom Line" ticker to supply ongoing and just-past game scores for several sports. *SportsCenter* incorporates other ESPN programming into the show by having commentary from Tony Kornheiser and Michael Wilbon from *Pardon the Interruption* and integrates itself into ongoing games with a "*SportsCenter* 30 at 30 update," in which fans get 30 seconds of the top headlines within a college basketball telecast, for instance.

While *SportsCenter* had dozens of solo and paired anchors in its earliest days, ranging from George Grande to smooth Bob Ley and chatty Chris Berman—today it has roughly 30 anchors, supported by a large team of reporters. Some notables, such as former *Late, Late Show* host Craig Kilborn, moved into non-sports television, and others, such as *Good Morning America's* Robin Roberts, moved to broader news formats. No single sports program wields the international influence that *SportsCenter* does. With its clever animated graphics, it is now offered in multiple versions ranging from a Canadian-oriented show to Spanish-language offerings on ESPN Desportes.

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series completed their storylines, so many old disaster movies are slotted in, and Wednesday nights filled with *Ghost Hunters* or other paranormal shows. Later in prime time and weekends, Syfy airs a plethora of horror films, full of monsters and death in scary varieties. In another twist, it has an original series called *Hollywood Treasures* where hosts hunt for artifacts and memorabilia from old movies (especially old science fiction) and 1960s TV series, which are then auctioned off on Hulu.

Three Scripps' owned channels, The Travel Channel, the Food Network and Cooking Channel, seem to interweave some of their programming. The Travel Channel now goes beyond travelogues, having hit it big with *World Poker Tour*, but also carries *Man v. Food, Triple Rush* (about bicycle messagers in NYC) and *Ghost Adventures*. Food Network has a winner in *Emeril Live* and *Tough Cookies*, but also carries a show called *Have Cake, Will Travel*. Cooking Channel gets some Emeril magic via *The Originals with Emeril*, along with *Unique Sweets* and *Eat St*.

HGTV (Home & Garden Television) has found several hits in its schedule of home redecorating and fix-up shows, including *Property Virgins, My First Place, For Rent, Holmes on Homes, Selling New York* and the parallel *Selling LA*. If you like these shows, you tend to watch them all, day after day. In some contrast, Spike TV features police videos and movies about men doing dangerous (but heroic) things, such as in its hit *Blue Mountain State*.

The Discovery Channel has drifted away from stories about pivotal inventions (for example, *Industrial Wonders*) into motorcycle shows (*American Chopper* and *Gut Busters*), along with *Cops & Coyotes*, and an New Yorkers-only game show called *Cash Cab*. Meanwhile, much corporate attention shifted to its two Spanish-language channels, Discovery en Espanol and Discovery Familia, and the newer Investigation Discovery. The latter debuted a sort-of documentary called *I Married a Mobster* (probably not to be confused with VH1's fictional series *Mob Wives*). Discovery's other sister service, TLC, has had its own signature shows for several years, entitled *What Not to Wear* and *Say Yes to the Dress* (in various sizes), and followed them with *Pawn Queens* and *Sister Wives*. Bravo has come a long way from its days as a fine arts channel. It has captured the reality contest genre with its signature competitions in *Project Runway*, *Top Chef* and *Top Design*.

## Genres on Premium Channels

In the days of analog television, every cable system in the United States offered at least one premium service. And if a system had only one pay channel, the odds are very high that it was HBO (formerly, Home Box Office). HBO achieved its leading position through its early entry into pay television in 1972 and early adoption of satellite delivery in 1975. (Showtime began in 1976 and moved on the bird in 1978, but never quite caught up.) HBO then consolidated these early leads through aggressive national marketing campaigns in the 1980s that competitors could not afford because of their smaller audience bases. Relatively few systems carried just Showtime, Flix, Encore or one of the other pay services.

With HBO in the primary role for many years, the competition among the others focused on securing shelf space as the second or third (or even fourth) service provider on the local cable system's menu of premium offerings. And then cable became all-digital like the satellite services, with room for all, especially in various kinds of VOD. Today, HBO's main competition comes from co-owned Cinemax, The Movie Channel, Showtime, Flix, Starz and Encore, and all of these services, including HBO, have taken advantage of compressed video delivery and spun off handfuls of additional channels, ranging from just four to dozen or more, with a high of 17 variations of Showtime.

Selection strategies for premium networks differ from those for basic networks. Because viewers pay extra per channel (or per sets of channels, such as 8 to 12 Encores), they have higher expectations of the programming on premium channels, which leads to enormous investments in such original series as the award-winning *The Sopranos*, followed by *True Blood, Entourage, Treme* and *Game of Thrones*. In addition to original series and movies, HBO carries large quantities of more or less successful entertainment specials. Those networks competing with HBO—particularly Showtime—target their movies to more carefully defined audiences and directly counterprogram HBO's lineup, at least on the main channels. Differentiating themselves through acquisition of exclusive rights to hit movies and developing appealing and promotable original shows has become key to the premium services' competitive strategies. Besides *spinoff channels, differentiation* via promotion, and *original content* strategies, some premium networks have adopted *time-shifting* as a strategy by using staggered start times (see the discussion of *bridging* in Chapter 2).

Nonetheless, both Netflix and VOD threaten these pay movie channels. People's lives vary so much that one month they might watch several movies and another none at all. So much is available for free and much more on premium VOD that subscribers wonder why they need also pay an extra monthly fee for one or a group of premium channels that they might or might not watch. However, its original series might save HBO, in one form or another—perhaps as an online service.

### *Movies*

The staple of premium cable networks, including PPV and VOD, remains the Hollywood feature film, aired soon after theatrical release. The rapidity with which a film can be offered to subscribers is central to establishing a premium service's viability and value. While the pay-per-use services generally present top movie titles a few months after their initial domestic theater distribution, by contrast, the usual exhibition window for the monthly premium channels is 6 months after theatrical release (with the broadcast networks following at 18 months). VOD distributors are very eager to get their windows earlier than home video, but Hollywood worries about piracy and lost revenue.

None of the national premium services as yet carry commercials. With rare exceptions, films are shown unedited and uninterrupted, including those rated PG-13 and R (containing strong language and behavior normally censored on broadcast television). The VOD services and at least Cinemax on the pay side also run films in the NC-17 category (formerly X-rated).

### *Entertainment Specials*

Selecting performers to star in original specials for the pay-per-month channels and choosing properties to adapt to the television medium requires an in-depth examination of subscribers' expectations. Because the major broadcast networks can offer opportunities to see leading entertainers, either on specials or late-night talk shows, premium programmers are forced to seek fresher, more unusual entertainers and material. They have several options, especially the following:

1. Using performers who are well known but who appear infrequently on broadcast network television
2. Using performers often seen on broadcast television but who rarely headline their own programs
3. Developing programs and artists unavailable on broadcast television

For performance specials, every effort is made by premium producers to preserve the integrity of a complete performance—without the guest stars, dance numbers and other window dressing sometimes used by to widen the audience base. At their best, these shows are vivid reproductions of live performances (and the practice has been copied by Palladia and other music channels). Premium cable's time flexibility also permits nightclub acts and concerts to run their natural lengths, whether they are one hour and 11 minutes or one hour and 53 minutes. The private nature of pay viewing also allows for telecasting "edgy" adult-oriented comedy (for example, Dennis Miller, Chris Rock) and dramatic material unsuitable for airing on broadcast television (*The Sopranos*).

### *Sports*

The third major component in pay programming is sports. ESPN offers six ESPN-PPV channels on most cable and satellite systems, along with five other channels, with competition from four Fox sports channels, and another ten or so specialized sports channels (Tennis Channel, Speed Channel, Versus, NFL Network, The Golf Channel, Big Ten Network and suchlike). HBO and Showtime traditionally scheduled major, big-ticket, national sporting events in prime time. Indeed, HBO was long known to carry the top boxing matches until economics drove them to PPV. Premium programmers are divided about the value of sports to premium channels, because sports blur a movie network's image. In consequence, neither The Movie Channel nor Cinemax ever carried sports. Because of the broadcast networks' financial strength and audience reach (and a general consensus that certain events like the Super Bowl should stay on over-the-air television), ABC/ESPN, Fox, CBS, and NBC still manage to acquire the rights to most major sporting events. Thus the pay-per-month premium networks often have to settle for secondary rights or events of lesser national interest (and the old ones go to Versus and other sports channels). Nevertheless, an audience can be found for some sports that broadcast television does not adequately cover, such as middle- and heavyweight boxing, regional college sports, track and field, swimming, diving, soccer and equestrian competitions.

Big-ticket boxing and wrestling have been programming staples for pay-per-view packagers for many, many years. For some years, the relatively small universe of pay-per-view-equipped homes took PPV out of contention for major events. But digitalization brought PPV and VOD to all homes so they gobbled up major boxing matches (generating over $100 million for a single high-profile match), and DirecTV began carrying live NFL and NHL games. These sporting events continue to achieve record **buy rates** and revenues, and they fuel subscriptions to PPV, which caused ESPN to enter the PPV competition in a big way. *The key to success in sports now lies in having strong branding, along with extensive local and national marketing efforts.*

### PPV Specialties

Interactivity is one way to enhance original PPV offerings. For example, Playboy TV has had much success with its call-in show *Night Calls*, which generates significant revenue (and thousands of phone calls). Cable operators get 70 to 80 percent of the $8 to $10 per-program-viewed cost of adult PPV programming (compared with 50 percent of the $4 cost of typical movies), so adult programming is their most bankable asset.

## Launching a Network

As the digital tiers have filled, cable, satellite and telco providers are no longer eager to bring on new services unless they can be bundled with existing services from the subscription content networks with big muscle, such as Disney, Viacom or Comcast. By 2003, observers had declared the end of the era of new network launches. Still, some new channels have emerged since that year: Versus (a Fox-owned sports action channel), G4 (a Comcast-owned video gaming network), NBATV, TV One (targeting African-Americans) and a few others. But compared with the 25 channels that launched between 2000 and 2005, only one network (Sleuth) launched in 2006, only one in 2007 (Chiller, dedicated to the horror genre), two in 2009 (MLB Network and TV One from Time Warner), for example. Maybe the declaration was only a little early.

More typical is the big name launch in 2011 of OWN, Oprah's channel, and the two-channel merger and fine-tuning that produced Discovery's Fit & Health. Most new introductions now occur on the internet and presume a substantial wait until the interest and revenue build before any shift to cable.

To get on the MVPDs, the first element in strategy for a start-up network is to pay *launch fees* to cable/sat/telco providers, typically $10 to $12 per subscriber. A related approach allows such large MSOs as Comcast and Viacom to become partners in the venture. With the periodic megamergers of media industries, fewer players are controlling larger and larger pieces of the multichannel universe. Another way to facilitate distribution of a new channel is not to charge cable systems for carriage for a few years. As was pointed out in Chapter 3, some cable networks have launched by reversing the traditional model of carriage; in other words, by paying MSOs a monthly per-subscriber fee for carrying them. Because of excessive start-up costs in the range of $40 million to more than $100 million, there have always been difficulties launching a new cable network.

Nonetheless, certain *incubation strategies* have become traditional for gaining shelf space for new cable networks. One is *sheltering* launches to help new networks establish themselves before moving full speed ahead. Americana Television, a 24-hour country lifestyle channel, got its start as a part-time service on Nostalgia Television. Viewers could watch a *BET on Jazz* program on BET before Jazz Central launched. Turner Classic Movies showed up on TNT, and Cable Health Club was initially part of the Family Channel—the pattern Discovery Channel followed with its health channel, that later merged with FitTV. NewsTalk Television launched with 4 million part-time homes as well as 3 million full-time homes. Of course, big names such as MLB don't require any shelter.

To gain sampling, newer networks have also turned to satellite for distribution, because DISH and DirecTV offer many more channels than many cable systems. One final strategy, and a solution to the low distribution problem for new networks, is *piggybacking* or sharing a channel with another service. American Movie Classics gave Romance Network a slot on Sunday afternoons and incubated American Pop on Saturday nights.

*Regardless of shelf space, and regardless of whether a cable or online launch, a high mortality rate will continue among new services.* No matter what a network's programming entails, limited distribution into America's subscription and broadband households make it difficult to cover operating costs. Thus, three basic ingredients are needed in order for a network to survive: *a good programming idea, smart people behind the idea* and *money*. In addition, new program services need to be flexible with regard to tiering, pricing and packaging.

Overcrowding in the subscription cable environment will inevitably have two outcomes. First, cable operators will remove (or displace to less desirable locations) older foundation services that have become stale in favor of new services; and second (and more common), start-up services will sell out to other (larger) networks, thus merging their top content or serving as a splinter version of the key network. In addition, because of the high cost of maintaining a single network's infrastructure and purchasing or producing programming, a service that is co-marketed (and usually co-branded) simultaneously with several other networks reduces sales, marketing and engineering/production costs. Further, it helps to be able to lose money through sister companies.

# Scheduling Strategies

Subscription networks come in two broad types: *advertiser-supported basic cable networks* (CNN, ESPN) and *premium networks*, those that require an extra fee above the regular monthly MVPD subscription. But as Chapter 3 explained, and you probably know only too well, MVPDs now offer a dozen or more packages with fees determined by whether the channels are merely digital or HD or 3D and how many and which channels are included. Moreover, some packages mix basic and premium digital services and then repeat the same channels at a higher price levels in various HD groupings.

Nonetheless, most MVPDs reserve some channels for *pay-per-use* (PPV, VOD). Many experts expect all channels (excepting the lowest level carrying local television stations) to become on-demand offerings eventually.[2] As more and more consumers get their television from apps on tablets or pay for special internet content, it is expected that they will become accustomed to paying for each "use" (viewing) of a content channel. However, the total-VOD-day isn't here yet, and most subscribers accept the pattern of many channels for a single package fee, even if they don't watch all or many of them.

Basic and premium cable networks need to follow the same general practices outlined in Chapter 1: conserve resources, form habits, control audience flow, schedule shows to be compatible with viewer lifestyles and maximize breadth of appeal. Until the day when viewers truly can choose anything, anytime—when VOD and DVRs make scheduling irrelevant—the linear scheduling aspect of the programmer's job will be crucial to the success of a program service.

## Basic Channel Scheduling

The advertiser-supported networks have adopted several program scheduling ideas that have appeared for a short time on broadcast services but better suit the special needs of subscription program suppliers. These include program marathons, blocking, zoning and other alternatives to ratings that build the networks' appeal to advertisers.

### *Marathons*

Subscription networks often use marathons—all-day, all-night, continuous program scheduling of the same series—to counterprogram major broadcast events like the Super Bowl. Marathons are also scheduled during holidays, protracted bad weather periods, or any time viewers are likely to turn into "couch potatoes." There have been plenty of examples: Leading up to and on Mothers' Day, TBS gave viewers a *Leave It to Beaver* marathon with Barbara Billingsley, the actress who played Beaver's mother, as the host; Nick at Night provided a *Coach* marathon starting after the end of the Super Bowl in hopes of snaring football fans who liked the old ABC sitcom about a college athletic director. During the 2007 Super Bowl, TNT ran 13 hours of *The Closer*, which performed well during the actual game. Marathons can generate exposure for a newly acquired show as well as remind viewers that a popular show appears on the network.

Because the networks promote marathons heavily, they usually perform well—even better than the average programming—which can lead to increased advertising sales. In one case, a marathon briefly generated a signature program for VH1 when *I Love the 70s* devoted an hour to each year of the decade; this resulted in the nostalgia sequels *I Love the 80s* and *I Love the 90s*. VH1 previously enjoyed marathon success with its *Behind the Music* series on defunct or controversial music groups.

### *Blocking*

Some networks have adopted blocking strategies to lure mainstream audiences away from network affiliates. TNT's daytime programming is called "Primetime in Daytime" and features reruns of such off-network programs as *Charmed*, *ER*, *Judging Amy* and *Law & Order*. At one time, these shows were syndicated only to broadcast stations. Now such scripted dramas go to subscription networks, while broadcast stations concentrate on first-run syndication and off-network sitcoms.

In another variation, several basic cable networks schedule multiple episodes of a single series in one block starting in early evening and going on for several hours. Spike TV has blocked as many as three or four episodes of *CSI* on some evenings, and USA has put several episodes of *Law & Order: Special Victims Unit* in sequence on an evening. Other channels repeat a single episode all day to be convenient for all kinds of viewers. A&E, Syfy and History, among others, follow these general patterns. And amusingly, Syfy varies the season of *Stargate SG-1* in such blocks, mixing up first-season to sixth-season episodes (so the characters' hair is first long and then inexplicably short and then long again, and costumes change without rationale).

### *Homogeneity, Zoning and Roadblocking*

Cable has developed criteria other than ratings for selecting and scheduling national and local services and for attracting advertisers. Cable executives generally emphasize the demographic or psychographic homogeneity of viewers of a particular service. MTV viewers, for example, are alike in age and interests; Lifetime viewers are mostly women; Spike goes after men. Viewers of cooking shows, house fixing-up shows, historical or science programs and so on probably share several interests (that advertising can appeal to). A second and related strategy is zoning, dividing an interconnect into tiny geographic areas to deliver localized advertising, which permits local businesses to purchase low-cost ads that reach only their neighborhoods.

Another strategy is *roadblocking*, scheduling the same ad (or promotional message) on many cable networks at the same time so the advertiser's message blankets most cable channels (and sometimes broadcast networks, too). This practice occurs at the national level (so all viewers might see the same spot at the same time) and at the regional level (using inserts on a single cable interconnect). Roadblocking, in theory, keeps grazers from using their remote controls to avoid commercials because many viewers quickly give up surfing when the same commercial message appears on channel after channel. But the strategy works for program promotion, too. For example, on one June day at 9 P.M., all nine of NBCUniversal's broadcast and cable networks ran the same the two-and-a-half-minute teaser for the movie *King Kong*. Similarly, in 2010, all Nickelodeon channels simultaneously ran a promo for *The Last Airbender*.

Cable networks are analogous to radio stations in a single large market—both numerous and fragmented. No one can deny their collective media reach, but few can figure a way for each individual program service to compete with any of the individual broadcast networks. Only the biggest MVPDs can buy up very large numbers of cable networks and market them as a group to advertisers but individually to viewers. Most cable programmers must focus their strategies on *hard-to-reach audiences*, just as radio programmers do.

## Premium Channel Scheduling

*The need to schedule movies is likely to be the first aspect of traditional programming to succumb to the advent of the widespread availability of PPV or VOD*. Nevertheless, some viewers would rather choose a channel and see what's there than pick from a menu, so some pay channels will stay with a schedule for the foreseeable future.

### *Rotation*

Preplanned multiple reuse of content used to be a major difference between traditional premium and broadcast television; now both broadcasters and large cable networks lay out a multiplatform design before a new show goes on the air. As pointed out in Chapter 2, *only when a show becomes a hit or develops a cult following are such plans actually implemented*.

Most pay services offer a range of 20 to 100 movies per month, some first-run and new to the schedule (*premieres*), some repeated from the preceding month (*carryovers*), and some returning from even earlier (*encores*). In the course of a month, movies are typically scheduled from three to eight times on different days and at various hours during the daily schedule. Different movie services offer varying numbers of monthly attractions, but all services schedule most of their programs more than once. (Programs containing nudity or profanity, however, rotate only within prime time and late night on most networks.) The viewer, therefore, has several opportunities to watch each film, special or series episode. *These repeat showings maximize the potential audience for each program*. The programmer's scheduling goal is to find the various complementary time slots that deliver the greatest possible audience for each attraction during the course of a month—not necessarily in one showing.

Unlike the monthly pay-cable networks, pay-per-view services rotate *rapidly* through a short list of top-name Hollywood hit films. The same movie may air as few as four or as many as ten times in a day. This occurs because PPV, like VOD, markets "convenience viewing." PPV networks either rotate two to four major movie titles a day, some across multiple channels, or run the same movie continuously all day. As the number of channels available to pay-per-view increases, the trend is to assign one movie per channel, thus emulating the "multiplex" theater environment.

### *Title Availability*

Balancing the number of major films and lesser-known but promotable titles every month, then adding a handful of encore presentations, is one of the key challenges a premium movie programmer faces. A crucial factor in preparing the lineup is title availability. Most films with good track records at the box office are obtained from major film distributors, but an increasing number can be purchased from independent distributors and producers.

Usually it does not make economic sense for studios to hold a film in theatrical release for more than a year, but occasionally video sales disrupt the pattern and delay a film's availability as already explained. Hot Disney movies for children usually do well in DVD sales, as do some cult films that bomb in theaters but appeal to DVD buyers. The home video *sell-through* is a film priced to be bought rather than rented by consumers. (For rentals, the studios receive revenues only from the initial purchase of each tape by the retailer.) Successful sell-throughs of extremely popular films, even at much lower wholesale prices, are a distributor's dream—and the studios maximize revenues by delaying premium television release until the first stage of video sales has passed.

Time constraints on the use of films also affect steady product flow, including *how long* and *when* a film is available to pay services. Commercial broadcast television buyers, for example, traditionally had the financial clout to place time limitations on distributors' sales of films to premium services. The broadcasters would seek early telecast of key films to bolster their ratings during Nielsen ratings sweeps, shortening the period of time during which the films were available to premium networks. The number of such key films of interest to the broadcast networks has been dropping, however, as their ratings deteriorate because of increased home video and premium penetration.

Some desirable films are unsuitable for broadcast sale altogether, increasing their pay-television staying power. Films such as the *Emmanuelle* series, although not recent, crop up again and again because they never enter *broadcast windows*. Therefore, distributors allow premium networks to schedule them as many times as they like for as long as they like.

Occasionally, the major pay-per-month services disagree about whether to schedule a movie *after* it has already had a commercial broadcast network run. HBO and Showtime have found a following for these movies when they are shown unedited and without commercials. Some survey research even demonstrates viewer support for reshowing films that have been badly cut for commercial television presentation or that have exceptionally strong appeal for repeat viewing. Almost all premium services also show selected off-network movies, often drawing sizable audiences.

### Exhibition Windows

As explained earlier, distributors create a distribution window for a film's release when offering it to the premium services. The programmers negotiate for a certain number of first-run and second-run plays during a specific time period, generally 12 months. For example, a given film may be made available to a pay-cable service from April to March. It might premiere in April, encore in August, and then play again the following March to complete the run. Programmers must project ahead to see that the scheduled play periods for similar films from different distributors do not expire at exactly the same time. Generally, premium services don't want to waste their scarce resources by running five blockbusters, four westerns or three Kevin Costner films in the same month. Such clustering can be advantageous, however, when older films can be packaged and promoted as special "festivals."

Broadcast television's scheduling practices, organized around the delivery of commercial messages, differ broadly, resulting (mostly) in the once weekly series in prime time and stripped programs and nightly newscasts outside of prime. It used to be the pattern that in broadcasting, an episode was shown only twice in one year, and the largest possible audience was sought. As already explained in Chapter 2, episodes are now repeated on the networks more than twice (even tripled or stripped) and on associated cable channels, plus may be available online.

Some premium networks have adopted the short-length formats of broadcast television, such as episodes of *Weeds* on Showtime and *Six Feet Under* on HBO. The shorter lengths (not to mention the sometimes provocative content) help these first-run shows get sold internationally and to move later into domestic syndication. Most pay programs, however, run to their natural lengths, ending when and where the material dictates rather than running in fixed segments to accommodate commercials. Even with series programs, frequent repetition and rotation throughout the various dayparts set premium program scheduling apart from broadcast scheduling. Also, *broadcasters set their schedules for an entire season—pay-per-month and pay-per-view set them one month at a time.*

### Monthly Audience Appeal

Another major contrast between broadcast and premium programming services lies in their revenue-generating strategies. As already noted, to maximize ad revenues, commercial networks and broadcast stations program to attract the largest possible audiences every minute of the programming day. Premium cable networks, in contrast, try to attract the largest possible cumulative audiences over the period of a month.

The lifeblood (read *daily operating revenues*) of a pay service is its direct subscriptions. Pay-per-use services must satisfy their customers movie by movie, event by event, or night by night. Pay-per-month services must satisfy their subscribers month to month, throughout the year, forestalling disconnections. A premium service's success is not determined by the audience ratings of its individual programs but by the general appeal and "satisfaction levels" of its overall schedule. Insofar as quantitative measures such as ratings reflect that appeal (especially for one-shots like boxing matches or a live Sheryl Crow concert), they are useful in gauging response. In cable and satellite service, however, where subscribers must be persuaded to pony up month after month, qualitative measures take on greater importance.

One important qualitative measure is subscriber turnover. Because both schedules and subscriber billings are arranged by the month, viewers tend to evaluate programming in month-long blocks. Subscribers will most likely continue the premium service for another month if:

- They use their pay service two or three times a week.
- They see benefits in its varied viewing times or on-demand availability.
- The service runs commercial-free, uninterrupted program content.
- The service runs unique entertainment programs and theatrical feature films.

The pulse of PPV and VOD success is measured by *buy rates*. Careful matching of buy rates and titles offers both the pay-per-view or on-demand distributor and the system operator a tool for fine-tuning scheduling and promotion plans. Providing viewers have plenty of PPV or VOD choices, they can always find something to watch. In contrast, month-to-month services have different problems. While discontinuing a month-to-month pay service seldom reflects dissatisfaction with one or two individual shows, viewers disconnect when they feel that the service *as a whole* is lacking. Customers repelled by violence, for example, may disconnect a movie service if a large number of a particular month's films contain a great deal of violence. A family may determine that its desire for wholesome, G-rated fare is not being filled by the programming mix of one particular movie service and so will cancel after a trial month or two.

### *Movie Balancing Strategies*

Selecting programs that will appeal to different target audiences through the course of a month becomes the challenge for most pay-per-month programmers. For example, if a particular month's feature films have strong appeal to teenagers and men 18 to 49, the obvious choice for an entertainment special is a show that appeals to women. Premium programmers break down their audiences as follows:

1. Urban-rural classifications
2. Age groups of 18 to 24, 25 to 49, and 50+
3. Gender

By scheduling programs each month that will appeal to all these groups, the premium programmer theoretically creates a "balanced" schedule.

Films subdivide into several groups with overlapping appeals and are usually scheduled by considering either their timeliness or their appeals. The major audience attractions for monthly schedules are the premieres—that is, the films that were recent box-office hits and are being offered for the first time on that premium service. These films may be rated G, PG or R by the movie industry. The second sets of films placed in a pay-per-month channel's schedule are the major G- and PG-rated films. This establishes a strong pattern of family and children's appeal in the schedule. The third group of films has varied adult audience appeals. Films without notable box-office success usually fall into this category. They are repeated slightly less frequently than premieres and G-rated hits.

Other films that were not major theatrical hits may still rate as important acquisitions for premium services. Viewers may value seeing a film on television that they might not be willing to pay $8 to $10 to see in a movie theater. Foreign films fall into this group. Also, if a premium network feels that a particular film has appeal to a segment of its audience, it doesn't matter whether it was originally made for home video or made for broadcast television; films in both categories increasingly show up on premium schedules. Another growth category is film classics.

### *Film Placement*

On the pay-per-month channels, the general rules of thumb for film scheduling include beginning weeknight programming at 7 or 8 P.M. and starting final showings (of major offerings) as late as 11:30 P.M. to 12:30 A.M. Those networks concentrating on the overnight daypart employ still later final showing schedules. For most of the premium movie services, an evening consists of three to five programs, depending on individual running lengths. Entertaining short subjects, elaborate animated titles and promotional spots for other attractions fill the time between shows. All-movie networks especially favor movie-oriented shorts, such as interviews with directors or location tours. Using 16 or more new films each month (not counting carryovers of the previous month's late premieres) usually means scheduling *four premieres each week*, gradually integrating first-, second-, third- and up to sixth-run presentations week by week. This pattern gives viewers a constantly changing lineup of material from which to choose—and new movies appear every week on the pay-per-month channels.

*Counterprogramming* broadcast network schedules is another strategic consideration. For example, on Tuesday nights when CBS scheduled a string of male-appeal dramas (*NCIS, The Unit* and *Without a Trace*) and NBC carried *Dateline NBC* and two *Law & Order* shows, premium networks tended to schedule female appeal films. Taking another tack, preceding or following a popular broadcast network show with a program of the same genre on pay cable creates a unified programming block for viewers (requiring channel switching, an easy move with remote controls). Beginning programs on the hour as often as possible—especially during prime time from 8 to 11 P.M.—makes it convenient for viewers to switch to and from pay cable.

Films and specials containing mature themes are usually scheduled at later hours than G-rated films, even though pay television is not bound by broadcasting's traditions. PG features are offered throughout premium schedules. Magazines and program guides encourage parents to prescreen all films rated PG, PG-13 or R early in the week to decide which are appropriate for their children to watch on subsequent airdates. This presumes several silly things: that parents have the time to pre-watch movies, that web-adept children cannot defeat channel safeguards, and that they do not watch anything they want at other people's homes or online.

## Evaluating Apples and Bananas

Audience evaluation remains iffy in the cable industry. Inadequate viewing data hampers many national advertiser-supported networks in selling time—especially the newer niche services. Although *the total number of a system's subscribers is always known more or less accurately*, and the most popular services are rated by Nielsen, determining how many subscribers view the less popular nonpay channels has traditionally been a problem on most systems.

### Comparison Problems

*Cable penetration* stands at about 60 percent of U.S. homes. In addition, another 27 percent or so of homes are connected to the subscription networks via direct satellite service, and 5 percent get the same channels from telcos, wireless cable or some other small business. (Collectively, 92 percent of homes get service from MVPDs.) Individually, however, *audience ratings* for most cable/satellite networks (excluding the top-10 services) have only occasionally exceeded 1 or 2 million television households at a time. In fact, the top five or so cable networks garner 3 to 4 million households each in prime time (about the same as a 3 or 4 rating among all 116 million television households). *Although the combined audience for ad-supported subscription networks regularly exceeds that of all commercial broadcast networks, the broadcast business is still very healthy.* Because many advertisers continue to buy spots one channel at a time, the combined cable network ratings are not much comfort to them.

### Nonbroadcast Audience Measurement

As is explained in Chapter 5, ratings for subscription networks really represent three audience measurements. One measure is the audience watching a *particular program at a given time*, measured by average quarter hour (AQH) ratings and shares as in national broadcast ratings. A second measure is the cumulative audience that watches a *given program in all of its showings* because some program services repeat shows. When all viewers of repeat showings of a program (such as a movie) are summed, the audience for that one program may exceed a competing broadcast station's audience in one market. The third and perhaps most important measure to subscription networks is the *cumulative audience for a channel.* Although people meters have benefited the established cable networks by increasing their reported share of prime-time viewership, they reveal little about the viewing of less popular advertiser-supported services. Subscription networks must commission their own research to understand viewing by such demographic subgroups as children, teens and ethnic minorities.

### *Measuring Cable/Satellite Viewing*

The overriding problem in evaluating cable program audiences is that local audience shares cannot be compared directly with local over-the-air audience shares. As 9.7 shows, cable franchise areas differ in size and shape from markets defined according to broadcast station coverage patterns (DMAs). This type of map prevents advertisers from comparing cable's effectiveness with that of broadcasting and other media in one market.

To be measured on a national level, Nielsen currently requires a subscription network to be available in about 3.3 percent of U.S. TV households (about 3.7 million homes) to qualify for its national cable TV ratings report, the *Nielsen Cable Activity Report (NCAR)*. Further, to show up in the report, the network has to generate at least a 0.1 rating in its coverage area (the number of households a channel reaches).

Although in total the programs on all subscription networks have averaged more than a 25 Nielsen prime-time rating in the last several years, most viewers apparently watch the established broadcast services. The weekly cumes still favor the broadcast channels despite gains in subscription network viewing (see 9.8). Further growth in the number of channels will make increases in individual network ratings difficult. Programmers and consultants are divided over how to best increase audience size: Some believe that heavy series production is necessary (USA); others argue for original movie production, heavy promotion and more effective scheduling (TNT).

The cable industry reports its own ranking of top shows, which are based on multichannel homes, not all television homes. The *rankings* in 9.9 come from these so-called cable ratings, but the *ratings* shown in the table are based on household ratings. In 2004 Nielsen changed the way it measures multiplexed premium channels, no longer aggregating the different channels showing the same program (for example, *Entourage*) on cable and satellite systems. Instead, Nielsen began reporting ratings for each "plex" separately.

The goal for basic and premium programmers is to count the number of people who make a return visit to their channels on a regular basis. Perhaps because of the influence of measuring the enduring appeal of web pages, the cable industry has borrowed an internet term to describe the viability of a channel: *stickiness*. A website that holds its viewers is said to be sticky, like a real spider web, and now programmers discuss the stickiness of their channels. It's a new word for an old concept: giving the target audience what it wants so it will come back for more.

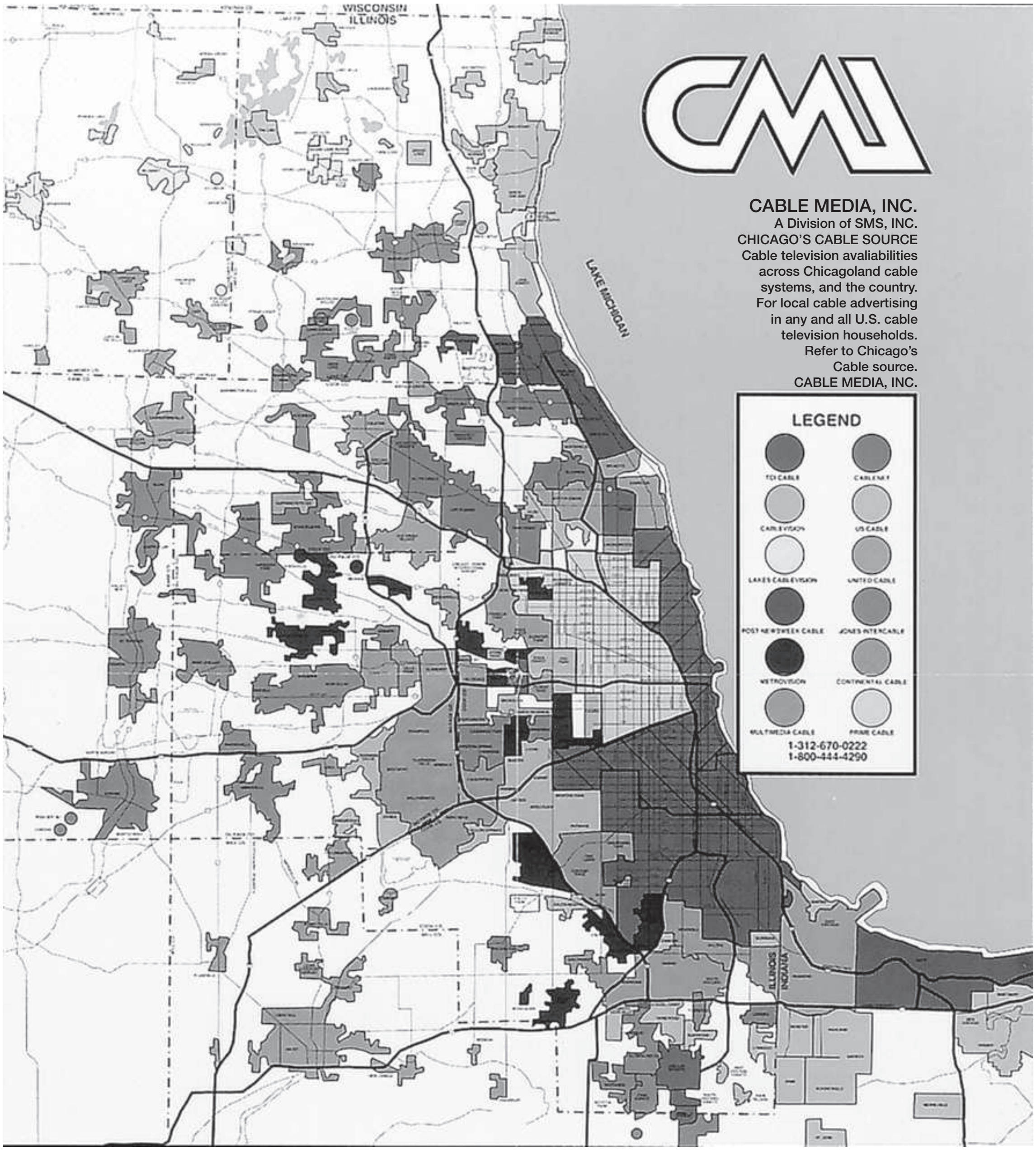
### *Measuring VOD Use*

Surveys and audience sampling are unnecessary for gauging on-demand programming. Two-way capabilities in most cable systems allow accurate tracking of buy rates, and the satellite and telephone services have their own usage records. However, this is proprietary information, compiled by each separate MVPD system. No combined measures exist, and estimates of all VOD and PPV use are not wholly reliable.

## The Many Channels

This section looks at content of the various kinds of subscription services widely available in the second decade of the twenty first century. It divides them into 15 general types of advertising-supported

## 9.7 Map of Broadcast Market Showing Cable Franchises




Courtesy of Cable Media, Inc. Used with permission.

**9.8 Nielsen Television Activity Report**

| Broadcast Affiliates | Average Weekly Cume % |
|---|---|
| NBC | 75.7 |
| CBS | 74.9 |
| ABC | 74.6 |
| FOX | 70.1 |
| WB | 44.7 |
| UPN | 37.2 |
| **Cable Networks** | **Average Weekly Cume %** |
| TBS | 39.0 |
| USA | 38.3 |
| TNT | 38.2 |
| FX | 29.6 |
| A&E | 28.3 |
| DISC | 27.6 |
| SPIKE TV | 27.5 |
| ESPN | 27.2 |
| NICK | 26.8 |
| LIFE | 26.5 |
| COMEDY | 26.5 |
| AMC | 26.4 |

Nielsen Media Research Television Activity Report, NHI, first quarter, 2006. *www.tvb.org/rcentral/MediaTrendsTrack/tvbasics/10_Reach_BdcstvsCable.asp.*

services and two kinds of premium services by adapting grouping patterns used by FiOS, U-verse and Comcast, and supplemented by Wikipedia! Of course, the list is incomplete (we don't want you to fall asleep!), but you will find most you know here.

## Major Subscription Networks

### *Foundation*

As already described in 9.2, these channels are found on nearly every multichannel service in the United States, so most people are probably quite familiar with their content. There are the long-established channels that appear on virtually every MVPD's lineup: TBS, ESPN, Food Network, USA, ESPN2, HGTV, The Weather Channel, TLC, Discovery Channel, MTV, Fox News, Nickelodeon, Spike TV, TNT, Disney Channel, A&E, CNN/HLN, Lifetime Television, C-SPAN and VH1. Of these, only the Food Network is a relative newcomer. These 20 networks capture the largest audiences, spend the most money and have the most visibility in the United States and abroad. (Cutting off the so-called foundation networks at 20 instead of 25 or 30 is entirely arbitrary and based solely on one year's subscriber rolls. Some networks in the next dozen are equally well known and may swap places in any given year.)

### *Children's*

For a while, only one or two channels targeted to children found their way onto the cable/satellite lineups. Nowadays, several choices are available—some more family-oriented than purely for kids. Nickelodeon has added Nick Jr., Nicktoons and Teen Nick (Noggin seems to have been swallowed). After Nickelodeon and Disney Channel, the best known are Cartoon Network, Discovery Kids, TeenNick.com, Boomerang, FUNimation, PBS Kids Sprout, plus HD versions of Disney XD (see 9.10). There's also Anime Network, BabyFirstTV, Cbeebies, Familyland, Hallmark Channel, the Hub, qubo, pets.tv, Sorpresa and TV Land.

### *Documentary/Educational*

In addition to TLC and Discovery in its various forms, Animal Planet fits here, along with Crime & Investigation Network, History, Military Channel, Military History Channel, National Geographic Channel and National Geographic Wild, Science Channel, PBS World, and Bio (formerly Biography). Some university towns have local cable channels they support, often of this educational sort (for example, UCTV by the University of California and BYU TV by Brigham Young University).

### *Entertainment*

This broad group varies from very adult programming down to comedy and over to science fiction. A&E, generally considered a foundation service, fits here, as does Adult Swim, BBC America, BET, Bravo,

## 9.9 Top Cable Shows, February 2007 Top 10 Cable TV Programs (Total Day)

| Rank | Program | Network | Total U.S. Household Rating | Total Viewers |
|---|---|---|---|---|
| 1 | WWE Raw | USA | 3.4 | 5,975,000 |
| 2 | WWE Raw | USA | 3.3 | 5,706,000 |
| 2 | Prime Movie (Montana Sky) | LIF | 3.3 | 4,767,000 |
| 4 | SpongeBob | NICK | 3.1 | 4,809,000 |
| 4 | Monk | FX | 3.1 | 4,856,000 |
| 6 | Fairly Odd Parents | NICK | 2.9 | 4,431,000 |
| 7 | SpongeBob | NICK | 2.7 | 3,916,000 |
| 8 | SpongeBob | NICK | 2.6 | 3,838,000 |
| 8 | Fairly Odd Parents | NICK | 2.6 | 3,871,000 |
| 10 | Fairly Odd Parents | NICK | 2.5 | 3,404,000 |
| 10 | Fairly Odd Parents | NICK | 2.5 | 3,459,000 |
| 10 | Drake & Josh | NICK | 2.5 | 3,432,000 |
| 10 | Hannah Montana | DSNY | 2.5 | 3,695,000 |

Nielsen, *www.nielsenmedia.com* (retrieved for February 2007). Consult *http://tvbythenumbers.zap2it.com for any week to get current numbers.*

## 9.10 Are Kids (Still) Watching TV?

With MySpace, Neopets, Gaia, YouTube and blogging, it's not surprising if one wonders whether kids have time to watch plain old television, whatever service it comes from. A recent study by the Kaiser Family Foundation found that "new" media such as computers and video games have not displaced the use of "old" media such as television and music. In fact, for better or worse, the amount of time spent viewing TV per day was three times greater than the time spent with any other medium. So, yes, kids are still watching TV, and they are watching cable, Nickelodeon and Disney in particular. Despite the broadcast network's efforts, these two networks garner the lion's share of kids and tweens. With kids ages 2–11, Nick's *Sponge Bob SquarePants* gets top ratings, and its *iCarly* and *Drake and Josh* are popular with teens. Disney also captures tweens 9–14 with such live-action series as *Jessie* and *Wizards of Waverly Place*. But television for kids is not all escapades and cartoons.

Concerns about children's health and wellness have not gone unnoticed by cable programmers. Nickelodeon's 2006 "Let's Just Play" campaign centered on a five-month miniseries that documented real kids' efforts to make their lives healthier, and the "Let's Just Play" website encourages kids to join the challenge and implement an action plan for living a healthier lifestyle. In honor of the Worldwide Day of Play, Nickelodeon goes dark for three hours to encourage kids to "get up, go out, and go play." "Rescuing Recess" is part of Cartoon Network's "Get Animated" initiative to get kids active, healthy and involved. The network introduced the first annual National Recess Week in 2006, concluding with a new "Operation R.E.C.E.S.S" episode of the network's series, *Codename: Kids! Next Door*. The "Get Animated" website features information on how to eat like a superhero and games that kids can play both inside and outside. Whatever the broadcast networks are doing has so far not made much of a dent in the distribution of ratings.

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Chiller, Comedy Central, E! Entertainment Television, FEARnet, FX, FSN, here!, Lifetime, Logo, Oxygen, ReelzChannel, Sleuth, SOAPnet (if it's still alive), Spike, Syfy, TBS, Telemundo, TeleFutura, truTV (formerly Court TV), TNT, Univision, WE tv, Wedding Central, and others. In fact, it's hard not to think of virtually all television as entertainment, especially if you have a dry sense of humor.

An almost singular channel, MTV's Logo debuted in 2005. Devoted to gay and lesbian programming, Logo carries mostly series and films that previously aired on other broadcast and cable networks or appeared only in movie theaters (see 9.11).

### Foreign

Until the availability of digital channels, the only way to receive foreign-language channels was to live in a very large city or stay at a Disney hotel. Nowadays, dozens of options have found their way

## 9.11 Narrowcasting to the Gay Community

The 8-year run of NBC's hit *Will & Grace* (1998 to 2006) brought a successful gay title character to the prime-time landscape for the first time. The Emmy-winning show in turn spawned other programs on cable featuring gay or lesbian characters. Showtime followed up with an adaptation of the British hit *Queer as Folk*, which ran for five years in the early 2000s. Overlapped by another long-running series *The L Word* (2004 to 2009), these shows brought the premium network some of its highest Nielsen ratings. Bravo found similar rating success with the makeover show *Queer Eye for the Straight Guy*.

The popularity of these programs was convincing evidence that a niche audience existed for gay-, lesbian-, bisexual- and transgender-themed (GLBT-themed) programming, and soon whole cable networks with programming targeted to gay and lesbian viewers appeared. The first network, here!, began in 2002 as a video-on-demand service or a premium subscription channel on most cable and satellite systems. Its biggest hit is *Dante's Cove*, a dramatic series that mixes the soap opera and horror genres. Movies and documentaries are the other popular staples of here!'s on-demand programming.

Q Television Network (QTN) was the second cable network to target a GLBT audience. Begun in 2004, the short-lived QTN aired primarily in such urban markets as New York, San Francisco and Seattle, carrying a range of variety, talk and music programs. The most popular of its original shows, *The Queer Edge with Jack E. Jett*, was a variety show that mixed music and comedy. QTN was unable to gain carriage outside the largest urban markets, and after being plagued by rumors of financial problems and impropriety by its executives, it went dark in May, 2006.

Launched in 2005, the Logo channel became the third channel targeting GLBT (or LGBT) audiences. Owned by media giant Viacom in its MTV Networks division, Logo found a secure place with most cable providers across the country. Carriage came easily because the channel was swapped for Viacom's fading VH1 Mega Hits, a digital channel already slotted on hundreds of cable systems. Logo's programming is a mix of original and syndicated programming, including documentaries, music videos, reality television and travel programming. Its successes include the reality series *Coming Out Stories*, the African-American themed *Noah's Arc*, and the animated series *Rick & Steve: The Happiest Gay Couple in All the World*. Logo has captured its greatest Nielsen ratings success with *RuPaul's Drag Race*, a competition reality program launched in 2009 in which contestants vie to become the next "drag superstar." As a result of *RuPaul's Drag Race*'s huge popularity, Logo has spun off two related programs which have, in turn, become ratings winners: *RuPaul's Drag Race: Untucked* and *RuPaul's Drag U*. Logo partners with CBS News to bring coverage of gay-themed news topics to the cable network. Logo has also become an internet presence by providing three LGBT-themed websites and by having its programming downloadable from iTunes. Logo programming is also available via video-on-demand, and it provides a wireless platform for Sprint and Verizon. Reaching beyond television, Logo has also been in part responsible for the theatrical release of two motion pictures, including the film version of its hit series *Noah's Arc*.

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onto the lineups of both satellite services and some cable MSOs in very large metropolitan areas (FiOS concentrates more on very local news channels). Many world networks have high production values and serve two functions: They bring homeland comfort to ex-patriots while also providing native-born Americans with chances to learn about other cultures. The best-known channels include ART (Arab Radio & Television), Asian American Satellite TV, BBC America, TV Asia and TV Japan. Then there are a slew of Spanish-language channels appealing to Spanish-speaking immigrants and to people who want to keep up or improve their language skills, as already described.

### *Lifestyle*

Lifestyle channels are the niche and subniche channels that instantly remind viewers they are not watching regular broadcast television. The content is very specialized, but so are the advertising and viewers. A few examples are DIY (Do It Yourself) Network, the Outdoor Channel, the Cooking Channel, as well as The Africa Channel, Planet Green, Recipe TV, Style Network, Travel Channel, Wealth TV, Casa Club TV, Discovery Fit & Health, Fashion TV, HGTV, Halogen, Ovation, and Oprah's darling OWN.

### *Movies*

Then there are a seeming excess of movie channels. A double handful of advertising–supported movie channels appear on some basic cable and satellite services. These include AMC (used to be American Movie Classics), Hallmark Movie Channel, Lifetime Movie Network, Fox Movie Channel, Turner Classic Movies, Reelz Channel, HD Net, HD Theater and, maybe on some systems, the Sundance Channel, VeneMovies, Cine Latino, Flix, Epix, plus IFC (Independent Film Channel). Most of the really big name movie channels require paying a premium.

### *Music*

Channels that offer different music formats have grown beyond the limited MTV/VH1/CMTV options of the early 1990s. Now six different variations of the trailblazing MTV service coexist and two VH1s have survived. Defeated by the popular CMT (Country Music Television), TNN morphed out of music into Spike TV. Some of the other widely-distributed music channels are Centric (formerly BET Jazz), BET Hip Hop, BET Gospel, Z Music Television, A3 Network (a dance and nightlife channel), Fuse, Great American Country, Harmony Channel and Palladia. Then there's DMX, the digital audio service that comes with DirecTV, Sirius that comes with Dish, and Muzak and Music Choice. Music, music, everywhere, even on TV!

### *News*

What were once just CNN and CNN Headline News have now expanded to several options. Fox News battles head to head with MSNBC, each taking the opposing political slant. CNBC, The Weather Channel and three channels of C-SPAN are available nearly everywhere. Sports news comes from ESPNews, of course. In addition, two channels vie for the business-news market: Bloomberg Television and Fox Business Network. U.S. distribution of foreign-owned news channels has also expanded over the years, ranging from BBC World News to the controversial Al Jazeera (see 9.12). In addition, there are hundreds of local public, educational and governmental (PEG) channels, especially in and near major cities and college towns. In the Washington, DC, area, for example, FiOS carries at least 27 hyperlocal PEG channels.

### *Religion*

Depending on where you live, you may think the number and variety of religion channels has increased greatly in the past decade; digital shelf space made this possible on cable, and still more variants exist only online. Current cable examples are Church Channel, EWTN (Eternal Word Network), Shalom TV, TJC (the Jewish Channel), Gospel Music Television, JCTV, the Word Network, TBN (Trinity Broadcasting Network), I-Life, INSP (Inspiration), Smile of a Child and Three Angels

## 9.12 The Phenomenon of Al Jazeera

Since its start up in 1996, Al Jazeera has had difficulty in shaking the public perception that it sympathizes with Al Qaeda and provides favorable treatment to extremist and terrorist groups. Started by the Emir of Qatar, Sheik Hamad bin Khalifa al-Thani, Al Jazeera was envisioned as a means of encouraging democracy in the Arab world through the introduction of controversial views on an independently-run 24-hour television news service. Despite its pledge to bring objective news reporting and a freer news media, in many countries the public perceived Al Jazeera as a propaganda vehicle for Al Qaeda and similar extremist groups. This view stigmatized the network, ultimately forcing temporary shutdowns of its field offices in many Arab countries. Indeed, two of its offices were bombed by American troops.

Over time, however, Al Jazeera expanded beyond Arabic news reporting to include Al Jazeera Sports 1 and 2, Al Jazeera Children's Channel, Al Jazeera Documentary Channel, Al Jazeera Mobasher (a channel similar to C-SPAN) and a pan-Arab newspaper. It even spawned several Arabic-language television competitors: Al Arabiya out of Saudi Arabia, Al Kawthar from Iran, and German and French Arabic-language news and entertainment satellite channels, along with BBC programming in Arabic. CNN now sponsors an Arabic-language website in the Near East, with others in Russian and Spanish, but other American efforts to compete in Arabic via Al Hurra have been unsuccessful.

In order to change its image, in 2006 Al Jazeera added Al Jazeera English, an English-language news channel made available around the world. This channel provides international news coverage 24-hours a day, drawing on news offices in Qatar; Washington, DC; London; and Kuala Lampur. Twelve hours of its daily programming originates in the Qatar offices while four hours come from Al Jazeera's other news offices. By hiring experienced journalists away from such established world news providers as the BBC and CNN, Al Jazeera English sought to give a credible voice to underrepresented parts of the world. Its stated goal is to cover controversial stories not always fully reported by the Western news media. Al Jazeera English provided unprecedented English-language coverage within both Gaza and Israel during their 2008–2009 conflict as well as during the turmoil in Egypt in 2011. It is estimated that, as of 2012, Al Jazeera English can be accessed in every major English-language market, is available as a television channel in over 100 countries worldwide, and appears in more than 130 million homes. It is live-streamed online and available on Android phones and tablets.

Because its public profile in the United States has been persistently negative, penetration into this country has been poor. Only one satellite service (DISH) and only three local cable providers in the United States carry Al Jazeera English (no major cable operators have it). The network is available as a television channel in Toledo, Ohio; Burlington, Vermont; and Washington DC.

However, public perceptions of Al Jazeera (and Al Jazeera English) seem to be evolving. Testimony provided by U.S. Secretary of State Hillary Clinton to the Senate Foreign Relations Committee in 2001 took a broader view. Clinton stated that "viewership of Al Jazeera is going up in the United States because it is real news…you feel like you are getting real news around the clock instead of a million commercials and, you know, arguments between talking heads and the kind of stuff that we do on our news that is not providing information to us." Because journalists as a group make considerable use of the internet to gain background and perspectives, a more positive view of Al Jazeera English is emerging.

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Broadcasting Network. Sometimes MVPDs group a few religious channels with TV Land, ABC Family and the Hallmark Channel, creating a "Family" section of service. This is probably an unhappy linking for Hallmark and ABC as well as for the more formally religious networks.

### *Sex*

Soft-core pornography still abounds on multichannel services. Social norms that used to discourage the proliferation of such services are eroding, especially with reformers' attention focused on hard-core internet pornography. Another key to the popularity of soft-core porn is a very relaxed view of "porn" by twenty-somethings, who no longer see social stigma associated with viewing pornography. Not counting all that is available online, the widely available cable choices include Adult Swim, Hot Choice, Playboy TV, Pleasure, Spice and TeN (The Erotic Network). In some locations these are restricted to PPV.

### *Shopping*

Home shopping channels continue to attract viewers, but the number of services has leveled off since 1990, largely because competition from the internet has drawn away many customers. The long-surviving options include HSN (Home Shopping Network), Home Shopping Spree (Spree!), QVC and Shop at Home. In addition, channels linked to department store chains appear on some MVPD's outlets, such as JCPenney shopping channels on Time Warner Cable.

### *Spanish-Language*

Unlike the "foreign" category, this programming reflects the mainstream of Hispanic and Latino viewers in the United States. Advertisers are keenly interested in this growing population segment. Latino or Hispanic programming is found on Galavisión and three hybrid broadcast/cable networks, Univision, Telemundo and TeleFutura. Univision regularly often outdraws the English-language broadcast networks in many markets. There are also Spanish-language versions of some foundation services, such as Discover en Espanol and History en Espanol, plus such Spanish-only channels as Azteca America, HITN (Hispanic Information and Telecommunications Network), Mexicanal, Mega TV, WAPA America and Cine Latino. In addition, many channels come with the option of an English or Spanish audio feed.

### *Sports*

ESPN, ESPN2, ESPNU and ESPN Classic are still the top purveyors of cable sports, but they get plenty of competition these days from Versus, NFL Network, NHL Network, NBA TV, Big Ten Network, Fox College Sports, CBS Sports Network and MSG Network, plus all the regional sports channels operated by Fox. The most recent trend is to differentiate each channel by the sport itself, rather than solely by league or channel owner, although branding from NFL or Fox always helps. Because men are a difficult-to-reach advertising target, the revenue potential is very high. On the other hand, sports rights fees continue to skyrocket (see Chapter 7). Besides the ESPN, Fox and major league channels named above, the Tennis Channel, FUEL TV, the Golf Channel, the Speed Channel, the Sportsman's Channel and Yes HD attract sizable audiences of fans.

### *Superstations*

Local stations with sports and movies can get national attention when distributed by satellite to distant cities. As mentioned in Chapter 3, the FCC has called a halt to the proliferation of superstations but grandfathered the biggest ones: KWGN, WGN, WPIX, WSBK and WWOR. These originate in very large cities and bring urban news and big-time sports. WTBS in Atlanta is now considered a local station, and its sister network, TBS (once a superstation), became a foundation network.

## Premium Networks

The number of pay-per-month channels leveled off when the two kinds of pay-per-use were fully rolled out, and then froze or even shrank when Netflix and other online movie services gained users. Each premium channel has worked hard at establishing a signature program and pushing its brand images, while fighting to maintain market share.

### *HBO/Max*

Owned by Time Warner, HBO encompasses seven pay-per-month channels already mentioned as its subniche services (HBO, HBO2, HBO Signature, HBO Family, HBO Comedy, HBO Zone and HBO Latino) plus HBO On Demand. Time Warner also owns HBO's sister service Max (formerly Cinemax) and its subparts, MoreMax, ActionMax, OuterMax, 5StarMax, ThrillerMax, WMax, plus @Max and Max On Demand. (The sole focus of Cinemax is movies.) HBO has moved far from the movies-only channel that began in the 1970s. It differentiates itself from other "movie" channels by scheduling original programming in drama, comedy and sports that is much acclaimed by critics and viewers. HBO has won many dozens of Emmys, Golden Globes and Oscars for such programs as *The Sopranos, True Blood* and *Sex and the City*, stealing the limelight from the Big Four broadcast networks. Most recently, its drama *Game of Thrones* seems headed to a new raft of awards. HBO appears on virtually every cableco/satco/telco system in the United States, as does Showtime, and HBO is distributed internationally to more than 170 countries, including HBO Canada, HBO en Español, HBO Ole, HBO Brazil, HBO Asia, HBO Central Europe and dozens more place-related names.

### *Showtime/The Movie Channel/Flix*

CBS Corporation owns Showtime and its movies-only channels Flix, The Movie Channel and the Sundance Channel. Showtime's strategy is to make major studio deals, having learned a tough lesson in the 1990s when other premium channels kept it from getting new, big-draw theatrical movies. The channel's other strategy is to compete with HBO for the top-boxing draws. Showtime won several Golden Globe Awards for its original series *Weeds*. Showtime's sub-niche channels are Showtime 2, Showtime Showcase, Showtime Beyond, Showtime Extreme, Showtime Next, Showtime Women, Showtime FamilyZone, along with The Movie Channel and TMC Xtra. In addition, three on-demand/PPV channels (Showtime on Demand, The Movie Channel on Demand, and Showtime PPV) appear on many cable and satellite systems. In 2007 Showtime introduced Showtime Interactive 2.0 on the DISH Network.

### *Encore, Starz and MoviePlex*

Liberty Starz owns Starz Encore, which comprises 17 channels of cable- and satellite-delivered premium movie channels. The cornerstone of Starz Encore's programming strategy is to lock in studio releases of theatrical movies for several years, although the associated costs of this strategy had put the company in financial jeopardy in the early 2000s, causing subsequent rebranding efforts to gather more subscriptions. Like most other premium movie channels, Encore added the Encore name to all of its six channels, ending up with the basic Encore plus Encore Action, Encore Drama, Encore Love, Encore Mystery, Encore Westerns—all with East and West feeds—and an on-demand channel. Encore is distributed even more widely in the United States than HBO because some subscribers can get it as part of a digital tier as well as a premium standalone or packaged with Starz. However, only the main Encore channel is HD; the others are digital only. On the other hand, most of the movies they show are in older formats anyway.

Starz's makeover was more dramatic, opting for cohesive graphics packages across all channels, dropping the annoying exclamation point, and eventually shifting all channels to HD. Starz Theater became Starz Edge that focused on young men by showing four films at fixed times all week. Two channels were merged into Starz Kids and Family to make room for a new channel called Starz Comedy. And to fit in with the new look, Black Starz was renamed Starz InBlack, leaving Starz Cinema as the only Starz channel to keep its original name. Unlike other premium movie channels, Starz carries some banner advertising across some of its programs, a practice that stirs criticism and contradicts its all-movie promotion.

MoviePlex replays one of Encore's seven channels each day in the week (all Encore Western one day, All Encore Love the next and so on), but accompanies them with interstitials and a lot of promotion. The Plex idea gave rise to two simulcast channels—IndiePlex that carries only independent films and RetroPlex that carries only older movies. MoviePlex's distribution is limited largely to DISH and Comcast systems. In contrast, both Encore and Starz appear on all the major MVPDs, including DirecTV, DISH and FiOS, but unlike HBO and Showtime, Starz and Encore are distributed almost exclusively in the United States.